EXHIBIT COVERSHEET

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UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

02-1289

HAVANA CLUB HOLDING, S.A.
and HAVANA CLUB INTERNATIONAL, S.A.,

Plaintiff-Appellees,

v.

GALLEON, S.A. (now known as Bacardi & Company Ltd.)
and BACARDI-MARTINI U.S.A., INC. (now known as Bacardi U.S.A., Inc.),

Defendants-Appellants

and

GALLO WINE DISTRIBUTORS, INC., G.W.D. HOLDINGS, INC.
and PREMIER WINE AND SPIRITS,

Defendants.

Appeal from the Decision of the Commissioner of Trademarks,
United States Patent and Trademark Office.

Director of the United States Patent and Trademark Office's Reply in Support of Motion to Dismiss for Lack of Jurisdiction

James E. Rogan, Director of the United States Patent and Trademark Office ("USPTO") submits this reply in support of the USPTO's motion to dismiss this appeal with prejudice based on lack of jurisdiction. The USPTO moved to dismiss

the appeal of the USPTO Commissioner for Trademarks' notice of January 15, 2002 (hereinafter "Notice") because the Notice is not an appealable agency action. As set forth in detail in the motion, the Notice merely served to inform the parties to particular district court litigation of the USPTO's implementation of the district court's Partial Judgment order, in compliance with the USPTO's obligation under 35 U.S.C. § 1119. In its response opposing the motion to dismiss, appellants, Galleon, S.A. and Bacardi-Martini, U.S.A., Inc. (collectively, "Bacardi") principally argues for jurisdiction under 15 U.S.C. 1071(a) based on the novel theory that the Notice arose out of a *de facto* cancellation proceeding.

A. The Notice Is Not a TTAB Cancellation Decision.

Cancellation proceedings at the USPTO are handled exclusively by the Trademark Trial and Appeal Board ("TTAB"). See 15 U.S.C. § 1067. Nonetheless, in a description that strains credibility, Bacardi terms the Commissioner's Notice "a final decision entered after a sui generis cancellation proceeding instituted by the Director." Resp. at 9. This inaccurate characterization of the Notice is done in an effort to frame it as an appealable agency action.

As discussed at length in the Director's motion, the show cause order and subsequent Notice were ministerial actions taken by the USPTO to comply with its statutory obligation to rectify trademark records pursuant to the district court's

Partial Judgment and accompanying August 1997 order and opinion. Contrary to Bacardi's contention that the USPTO's show cause order instituted an "adversarial proceeding to determine how the mandate was to be interpreted" (Resp. at 9), the show cause order was issued merely to confirm Bacardi's representation that the stay imposed by the district court on the implementation of its Partial Judgment, pending appeal, was lifted. The show cause order makes this clear on its face. Although the parties improperly sought to use their responses to the show cause order as an opportunity to make substantive arguments regarding the merits of their cases before the district court, such arguments were not invited by the order, and were not considered in connection with the USPTO's implementation of the district court's Partial Judgment.

Thus, the USPTO made no substantive appealable "decision" as to any trademark rights. Certainly, the USPTO's implementation of the district court's rulings did not constitute a "sui generis cancellation proceeding". See Resp. at 9. In fact, Bacardi conveniently omits that the district court expressly **denied** Bacardi's request to cancel the mark. See Havana Club Holding, S.A. v. Galleon, S.A., 974 F.Supp. 302, 311 (S.D.N.Y. 1997). Thus, the USPTO's rectification of records in compliance with the Partial Judgment did not involve cancellation of the mark.

Notably, Bacardi currently is a petitioner in a cancellation proceeding pending before the TTAB involving the same registration addressed in the district court litigation. See Cancellation No. 24,108, Galleon S.A., Bacardi-Martini U.S.A., Inc., and Bacardi & Company Ltd. v. Havana Club Holding, S.A. and Havana Rum & Liquors, S.A., d/b/a H.R.L., S.A.. When and if Bacardi receives a final TTAB decision in that proceeding, denying the cancellation Bacardi seeks, then and only then Bacardi may appeal that decision to this Court. Bacardi's current attempt to avoid that process by calling the Notice a decision in a cancellation proceeding should be rejected.

Ultimately, the Notice constituted nothing more than notification that, because the stay on implementation of the Partial Judgment order was lifted, as required by statute, the USPTO rectified its records in the manner ordered by the district court. Thus, the Notice is not an appealable agency action.[1]

B. Bacardi's Appeal Does Not Arise Under 15 U.S.C. § 1071(a).

Bacardi alleges that 15 U.S.C. § 1071(a) constitutes the jurisdictional basis

[1]Bacardi's citation of a vacated order issued by an interlocutory attorney at the TTAB in Bacardi's cancellation proceeding is unpersuasive to support Bacardi's mischaracterization of the Notice. The interlocutory attorney's inadvertent, and now vacated, reference to the Notice as an order was made prior to the USPTO's determination to seek dismissal of the instant appeal for lack of jurisdiction. Furthermore, such a reference does nothing to change the substance or character of the Notice.

for Bacardi's appeal. First, in order to avoid the lack of jurisdiction and Bacardi's lack of standing, Bacardi provides a novel interpretation of this statutory provision whereby, if any person happens to be a party to a cancellation, that person can appeal *any* decision of the USPTO Director or TTAB, regardless of whether the decision comes from the TTAB cancellation proceeding. Resp. at 8-11. In a distortion of the statutory language, Bacardi contends that because it is a party to a cancellation proceeding before the TTAB, *although the Notice did not arise from or relate to that cancellation proceeding*, this somehow brings Bacardi's appeal of the Notice within § 1071(a).[2] Response at 7. Alternatively, Bacardi relies on its mischaracterization of the Notice to allege that it was a party to an "ad hoc cancellation proceeding." Resp. at 9.

As the statutory language reflects, and as this Court has construed § 1071(a), the jurisdictional grant encompasses only final decisions by the TTAB, such as those on *ex parte* applications for registration or *inter partes* cancellations and oppositions, and two types of petition decisions by the USPTO Director – those regarding § 8 affidavits and those regarding renewal applications. See In re Bose

[2]Bacardi also argues that because it has a trademark application pending before the USPTO, *albeit an application that was not addressed in any way in the Notice at issue*, this somehow brings Bacardi's appeal of the Notice within § 1071(a). Response at 7. Bacardi's position would lead to a result where any party with an application pending is statutorily entitled to appeal *any* decision of the USPTO in any matter, whether related or unrelated to that party's application.

Corp., 772 F.2d 866, 869, 227 USPQ 3 (Fed. Cir. 1985); In re Marriott-Hot Shoppes, Inc., 411 F.2d 1025, 162 USPQ 106 (CCPA 1969). See also In re Makari, 708 F.2d 709, 711, 218 USPQ 193, 194 (Fed. Cir. 1983). The Notice fails to qualify under any of these categories. Bacardi has not alleged that the Notice is a petition decision, and, as set forth above, it was not. Furthermore, the Notice is not a final decision of the TTAB. With regard to Bacardi's reliance on its pending cancellation, this cannot serve as the jurisdictional basis for review of the Notice which did not come from the TTAB, and did not refer to or decide Bacardi's cancellation. No final agency action from the TTAB has issued on Bacardi's cancellation proceeding.

C. Jurisdiction for This Appeal Does Not Exist Under the Administrative Procedure Act or the All Writs Act.

In yet another theory of jurisdiction, Bacardi contends that its claim is properly in this Court pursuant to the Administrative Procedure Act ("APA"), specifically 5 U.S.C. § 706. Resp. at 15-17. However, any APA review of an adverse USPTO ruling would first lie, if anywhere, in a district court. See, e.g., Helfgott & Karas, P.C. v. Dickenson, 209 F.3d 1328, 54 USPQ2d 1425 (Fed. Cir. 2000) (review of decision of the Director under the Administrative Procedure Act); 28 U.S.C. § 1361 (providing district courts with original jurisdiction of any action in the nature of mandamus to compel an officer or employee of the United States or

any agency thereof to perform a duty owed to the plaintiff). Thus, the APA does not provide a jurisdictional basis for this appeal.

Finally, Bacardi argues that the appeal of this Notice is properly in this Court pursuant to the All Writs Act, 28 U.S.C. § 1651. Resp. at 17-18. Under the All Writs Act, this Court has jurisdiction to issue all writs "necessary or appropriate in aid of [its] jurisdiction[] and agreeable to the usages and principles of law." See 28 U.S.C. § 1651(a). This type of writ has customarily been employed only to restrict a trial court to a lawful exercise of its prescribed jurisdiction, or to compel a trial court to exercise its authority where it is duty-bound to do so. See Roche v. Evaporated Milk Ass'n, 319 U.S. 21, 26 (1943).

Here, Bacardi has not shown that issuance of the requested writ is necessary or appropriate to aid this Court's jurisdiction. See Baker Perkins, Inc. v. Werner & Pfleiderer Corp., 710 F.2d 1561, 1565, 218 USPQ 577, 579 (Fed. Cir. 1983) ("The All Writs Act is not an independent basis of jurisdiction ..."). Bacardi seems ultimately concerned about its ability to seek cancellation of Reg. No. 1,031,651, the registration addressed in the Partial Judgment. However, as Bacardi concedes at page 18 of its Response, this Court could exercise jurisdiction over an appeal from the TTAB's decision in the pending cancellation proceeding involving that registration. Bacardi's contention that the Notice somehow disposed of substantive

issues relating to the pending cancellation simply cannot be accepted, given that the Notice merely informed the parties that the district court's order would be implemented. This distinguishes this case from the CCPA decision cited by Bacardi, Margolis v. Banner, 599 F.2d 435, 202 USPQ 365 (CCPA 1979), where the court found that its prospective jurisdiction would be frustrated. Thus, because cancellation issues have **not** been decided at the agency level, by the TTAB, and because this Court will have jurisdiction to review the TTAB decision when it issues, there is obviously no need for the Court to issue a writ in order to preserve jurisdiction. See In re Makari, 708 F.2d 709, 711, 218 USPQ 193, 194 (Fed. Cir. 1983) (dismissing a petition for writ of mandamus against the Commissioner [3] of the USPTO, finding that "... the requested writ is not necessary or appropriate to aid our preserve our appellate jurisdiction ....").

Makari indicates that resort to the All Writs Act is only appropriate in those circumstances where it is necessary to preserve this Court's prospective jurisdiction or to ensure meaningful review of a USPTO final agency action where no other remedy exists. 708 F.2d at 711, 218 USPQ at 194. Mandamus is not necessary to preserve this Court's appellate jurisdiction here, as this Court will ultimately have appellate jurisdiction under 28 U.S.C. § 1295(a)(1) and 15 U.S.C.

[3]Effective March 29, 2000, P.L. No. 106-113 changed the title of the head of the USPTO from "Commissioner" to "Director". See 35 U.S.C. 3(a)(1).

§ 1071(a)(1) to review the TTAB's decision in the pending cancellation proceeding. Thus, the petition should be dismissed for the same reasons stated in Makari.

CONCLUSION

Because this Court lacks jurisdiction under 28 U.S.C. § 1295(a)(4)(B) and 15 U.S.C. § 1071 to review the Notice advising that USPTO records would be rectified pursuant to the USPTO's statutory obligation and in accordance with the Partial Judgment order, the Director moves for dismissal of the appeal with prejudice.

If Bacardi's contention is that the USPTO failed to adhere to the district court's mandate, as alleged at pages 11-15 of the response, then Bacardi should address its complaints to the district court that issued the order. As required by statute, the USPTO will readily comply with an order by the district court regarding further rectification of the trademark records in question.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on June 4, 2002, I caused a copy of the foregoing REPLY IN SUPPORT OF MOTION TO DISMISS to be transmitted via FEDERAL EXPRESS addressed as follows:

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Appellants' Response to the Director of the United States Patent and Trademark Office's Motion to Dismiss for Lack of Jurisdiction

TABLE OF CONTENTS

Page

TABLE OF AUTHORITIES

CASES

STATUTES

MISCELLANEOUS

INTRODUCTION

Appellants Galleon, S.A., now Bacardi & Company Limited, and Bacardi U.S.A., Inc., known prior to a name change as Bacardi-Martini, U.S.A., Inc. (collectively, "Bacardi"), respectfully submit this memorandum in response to the Director of the United States Patent and Trademark Office's Motion to Dismiss for Lack of Jurisdiction.[1]

The Director acknowledges that "[t]his appeal is not typical of the trademark-related appeals from the USPTO handled by this Court." (See Dir. Mem. at p. 2). The PTO's inexplicable delay in implementing the Partial Judgment or Mandate that lies at the heart of the appeal after it became final is in itself atypical. (Attached as Exh. A is a copy of the Partial Judgment in Havana Club Holding, S.A. v. Galleon, S.A., No. 96 Civ. 9655, slip op. (S.D.N.Y. entered Oct. 22, 1997)). But the adversarial ad hoc cancellation proceeding with respect to U.S. trademark registration No. 1,031,651 for the mark HAVANA CLUB for "rum" (the "U.S. HAVANA CLUB Registration") the Acting Director convened by Order to Show Cause, dated October 26, 2001 (attached as Exh. B) under the guise of implementing that Mandate is not just atypical, it is unique in the annals of the PTO. The final order disguised as a "Notice" and the accompanying Order to the PTO's Assignment Division (attached as Exh. C) that issued in that unauthorized and unprecedented cancellation proceeding, gave rise to this appeal.

The Partial Judgment was certified to the PTO, as the October 26th Show Cause Order recites, at the direction of the Honorable Shira Scheindlin, the District Court Judge, shortly

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1 Bacardi joins the Director of the United States Patent and Trademark Office (the "Director") in requesting that this Court suspend the running of all time periods set in the briefing schedule pending a decision on the instant motion. The PTO has not certified the list or index pursuant to Federal Circuit Rule 17(b), so the time period within which Bacardi is to file its initial brief has not begun to run.

after its entry in the fall of 1997. By its terms, the Partial Judgment[2] became effective when the last appeal was exhausted with the denial of certiorari on October 2, 2000. On October 26, 2001, over a year after the Mandate went into effect, Nicolas P. Godici, Acting Under Secretary of Commerce for Intellectual Property and Acting Director of the PTO issued an Order to Show Cause initiating an adversarial proceeding to determine how the Mandate would be implemented pursuant to Section 37 of the Lanham Act, 15 U.S.C. § 1119 ("Section 37 Show Cause Proceeding"). Research has uncovered no other such Section 37 Show Cause Proceeding to implement a decree pursuant to 15 U.S.C. § 1119, and the PTO has pointed to none in their papers.

COUNTER-STATEMENT OF THE FACTS

The present controversy began in July 1995 when Bacardi filed a Petition in the PTO to cancel Havana Club Holding, S.A.'s ("HCH") purported rights to the U.S. HAVANA CLUB Registration. That Cancellation Proceeding, styled Galleon, S.A. et al. v. Havana Club Holding, S.A., No. 24,108, was stayed on March 17, 1997, after HCH and its international distributor, Havana Club International, S.A. ("HCI") initiated a federal trademark infringement and unfair competition action against Bacardi in federal court in Manhattan, seeking to enjoin Bacardi from using the mark HAVANA CLUB for rum. Bacardi counterclaimed seeking, inter alia, cancellation of HCH's U.S. HAVANA CLUB Registration on a number of grounds, including violation of the U.S. law and regulations (the "CACR's"), implementing the trade embargo on Cuba. The Court entered an Opinion and Order, summarily dismissing HCH's trademark infringement claim and canceling HCH's purported rights to the HAVANA CLUB

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[2] Defined terms used herein are as follows: "U.S. HAVANA CLUB Registration" means and refers to "U.S. Reg. No. 1,031,651 of the mark HAVANA CLUB for 'rum'"; "Mandate" means and refers to the "Partial Judgment," entered October 22, 1997" after it

trademark and the related federal registration. The summary judgment decision was confirmed by a Partial Judgment entered on October 22, 1997. (See Exh. A).

The Partial Judgment was certified by the District Court to the PTO in late 1997 pursuant to 15 U.S.C. § 1119, but the effective date of the Partial Judgment by its terms was stayed pending appeal from the final judgment in that action. On February 4, 2000, the Second Circuit Court of Appeals unanimously upheld the trial court's rulings. The Second Circuit's mandate became final on February 25, 2000. All appeals were exhausted when the Petition for a Writ of Certiorari was denied on October 2, 2000. Although the Director was now obliged to enforce the Mandate without delay, the PTO took no action of any kind for over a year. The original certified copy of the Partial Judgment apparently was misplaced or misfiled. Over the spring and summer Bacardi on several occasions filed additional certified copies of the relevant district, appellate, and U.S. Supreme Court orders but no action was taken until the fall of 2001.[3]

On October 26, 2001, the Acting Director's Order to Show Cause initiated what in essence was an adversarial proceeding with respect to the U.S. HAVANA CLUB Registration in which arguments were taken from counsel for HCH and HCI as well as Bacardi as to how to proceed regarding the Mandate. On January 15, 2002, after having considered the parties' submissions, the PTO issued a "Notice" stating that "the records of the USPTO will be rectified

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became final on October 2, 2000 when certiorari was denied; and "PTO" means and refers to the United States Patent and Trademark Office.

3 HCH opted not to move to stay the Second Circuit's Mandate which became final on October 2, 2000. On March 14, 2000, a certified copy of the Mandate of the U.S. Court of Appeals for the Second Circuit was filed with the TTAB. On March 1, 2001 certified copies of the decisions filed by the District Court, the Second Circuit, and the U.S. Supreme Court were filed with the PTO after Bacardi was told the judgments were missing. On July 6, 2001, a PTO Notice was issued stating the certified judgments should be filed with the Director and a Certificate of Service filed. On July 11, 2001, a Certificate of Service was hand carried to Interlocutory Attorney Albert Zervas and on August 16, 2001, certified copies of the Partial Judgment, the Mandate of the Second Circuit, and Order of the U.S. Supreme Court denying certiorari were hand carried to the Deputy Commissioner of the PTO who accepted them on behalf of the Director.

to reflect the [Mandate] invalidating the recorded assignments [of the U.S. HAVANA CLUB Registration from Cubaexport to HRL and from HRL to HCH]."[4] The Notice was accompanied by an Order to the PTO's Assignment Division assigning the U.S. HAVANA CLUB Registration to Cubaexport. The Notice and Order failed to give any rationale either for the PTO's actions or, more importantly, for its omissions. The Notice was silent on the most critical aspects of the Partial Judgment - cancellation of the extant U.S. Registration No. 1,031,651 of the mark HAVANA CLUB in the name of HCH and the invalidity ab initio of HCH's abortive transfers.[5] Inexplicably, the January 15th Notice and Order were not timely served on Bacardi's counsel. Only after Bacardi contacted the PTO was the Notice and accompanying Order to the Assignments Branch served. On March 15, 2002, Bacardi filed its Notice of Appeal which was docketed on March 19, 2002.

Bacardi had also filed a Motion to Resume Proceedings, to Substitute Parties and for Summary Judgment in Cancellation No. 24,108. On April 9, 2002, the Board held a telephonic conference to consider suspension of the cancellation proceeding pending the outcome of the instant appeal. In a decision dated April 24, 2002, the Board stated "By notice dated January 15, 2002, the Commissioner for Trademarks issued an order invalidating the assignments of the registration from Cubaexport to respondents . . ." (See 4/24/02 Order at p. 4,

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4 In its Order dated April 24, 2002, hereinafter referred to as "the 4/24/02 Order", the Trademark Trial and Appeal Board (the "Board") admits that the Notice was an Order. (See 4/24/02 Order at p. 4). That language was intentionally eliminated from the Board's subsequent Order dated May 13, 2002, hereinafter referred to as "the 5/13/02 Order."

5 A certificate of registration under the Lanham Act merely gives rise to a presumption that the "registrant" named in the certificate owns the mark. Here the District Court declared in straightforward language that HCH never owned the mark HAVANA CLUB for rum nor the aforesaid federal registration of that mark. Just as there is no concept in American jurisprudence of a trademark existing in a vacuum without an owner that has attained rights in that mark, there is no basis under the Lanham Act for recognition of a federal trademark registration without a named registrant.

emphasis added). The decision then went on to suspend Cancellation No. 24,108, indicating the Board's belief this Court had jurisdiction over this appeal:

> In the case at bar, we are presented with a related proceeding respecting the involved registration which is now pending before a federal appellate court (indeed, our primary reviewing court). The Board is inclined to show the greatest deference to the Federal Circuit and the proceedings now before it. Moreover, any substantive decision rendered by the Federal Circuit respecting the involved registration would be binding on the parties as well as the PTO.
>
> Proceeding to consideration of petitioners' pending motions at this time would thus run the risk of inconsistent rulings and would likely be - at least to some extent -duplicative, and a waste of the resources of both the parties and the Board.
>
> The Board is fully convinced that the Federal Circuit litigation "may have a bearing on [this] case," notwithstanding petitioners' arguments to the contrary. While it is true that we do not have petitioners' Federal Circuit briefs available, it appears clear from petitioners' arguments before the Director of the PTO and the Commissioner for Trademarks that the Federal Circuit matter has a bearing on this case, and may well be entirely dispositive of it.
>
> . . . .
>
> Because the PTO invalidated the assignments pursuant to the District Court's order, it would appear that the only issue before the Federal Circuit is whether the registration should be cancelled.[6]

(See 4/24/02 Order at pp. 8-10, emphasis added).

The Board on May 13th on its own instance, after being contacted by the Office of the Solicitor, vacated the April 24th Order and substituted a sanitized version designed to bring the Board's pronouncement in line with the position taken by the Solicitor's Office in this motion. Nonetheless, it cannot be gainsaid that the Board on its own volition read the Notice as a "final order" directing the invalidation of the assignments from Cubaexport.

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[6] The section of the Board's 4/24/02 Order quoted above were deleted in part from the 5/13/02 Order.

STANDARD OF REVIEW

This Court has jurisdiction over the instant appeal. The issue of subject matter jurisdiction once raised is reviewable de novo as matter of law by the reviewing Court.[7]

ARGUMENT

I. This Court Has Jurisdiction Over This Appeal Pursuant To 15 U.S.C. § 1071(a)(1)

The United States Court of Appeals for the Federal Circuit has exclusive jurisdiction over appeals from decisions of the Under Secretary of Commerce for Intellectual Property and Director of the PTO relating to applications for trademark registration and other proceedings under 28 U.S.C. § 1295. Section 1295(a)(4)(B), Title 28, provides in pertinent part:

> (a) The United States Court of Appeals shall have exclusive jurisdiction . . .
>
> (4) of an appeal from a final decision of . . .
>
> (B) the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office or the Trademark Trial and Appeal Board with respect to applications for registration of marks and other proceedings as provided in Section 21 of the Trademark Act of 1946 (15 U.S.C. § 1071).

Section 21 of the Lanham Act, 15 U.S.C. § 1071(a)(1), provides that an eligible party "dissatisfied with the decisions of the Director or Trademark Trial and Appeal Board may appeal to the United States Court of Appeals." Parties eligible to lodge an appeal include an

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[7] Both cases cited in the Director's brief for the proposition that this Court lacks jurisdiction are entirely inapposite as neither involved an appeal to the Federal Circuit pursuant to 15 U.S.C § 1071. (See Dir. Mem. at p. 6). In KVOS, Inc. v. Associated Press, 299 U.S. 269 (1936), the plaintiff, which sought an injunction against a competing broadcast station, lacked jurisdiction in the district court because it failed to support its allegations as to the amount of damages in controversy. Id. at 279. In Reynolds v. Army & Air Force Exch. Serv., 846 F.2d 746 (Fed. Cir. 1988), the Court vacated and remanded the district court's ruling that it lacked subject matter jurisdiction in an action brought under the Tucker Act, not the Lanham Act.

applicant for registration of a mark, a party to an opposition proceeding, a party to a cancellation proceeding, and a registrant who has filed a Section 8 affidavit or renewal application.

Bacardi owns an application for registration of the mark HAVANA CLUB for rum now pending before the PTO. Bacardi also is a party to Cancellation Proceeding, No. 24,108, seeking cancellation of the U.S. HAVANA CLUB Registration. Bacardi also was a party to the Section 37 Show Cause Order Proceeding initiated by the Director and is aggrieved by the final "order" issued in what was, for all practical purposes, an ad hoc cancellation proceeding or an adjunct to the stayed HAVANA CLUB cancellation proceeding. Bacardi is further aggrieved by the failure of the PTO to hand down a reasoned decision in that proceeding as required by the Administrative Procedure Act, 5 U.S.C. § 706, and by the Director's flaunting of, and refusal to abide by, the Mandate handed down to the PTO by the Second Circuit Court of Appeals.

The jurisdiction of the Court over this appeal is based upon Section 21(a)(1) of the Lanham Act, 15 U.S.C. § 1071(a)(1) and 28 U.S.C. § 1295(a)(4)(B).

A. The Notice Is An Appealable Agency Decision In A Cancellation Or Related Proceeding Under Section 21(a)(1) Of The Lanham Act, 15 U.S.C. § 1071(a)(1)

Section 37 of the Lanham Act, 15 U.S.C. § 1119, empowers the court in any action involving a registered trademark to issue an order to cancel registration or otherwise rectify the register with respect to the trademark registrations of any party to the action. The U.S. HAVANA CLUB Registration was in the name of HCH, a party to the action, and the Partial Judgment was entered pursuant to 15 U.S.C. § 1119. The power of the PTO with respect to implementation of a court order pursuant to 15 U.S.C. § 1119, as the Director concedes is nondiscretionary and purely ministerial: the PTO's action shall be controlled by the language of the decree enforced.

Yet the Acting Director of the PTO, without reciting any statutory underpinnings or PTO regulations, instituted by Order To Show Cause an adversarial proceeding to determine how the mandate was to be interpreted. This Section 37 Show Cause Proceeding is not only unprecedented, as the PTO readily concedes, but it is also violative of Section 37 which gives the Director no discretion in enforcing decrees and is directly contrary to the time-honored, judge-made Mandate Rule which provides that an agency, like any other inferior tribunal, has no power to deviate from a Mandate issued by an appellate court. See, e.g., In re Wella A.G., 858 F2d 725, 728 (Fed. Cir. 1988).

In its May 13, 2002 Order, the Board states that it "is not aware of any previous case in which the Federal Circuit or its predecessor court, the CCPA, has entertained a petition or appeal from the actions of the Commissioner in implementing an order under Trademark Act Sec. 37," (See 5/13/02 Order at pp. 9-10), but this is because the PTO has never before abrogated its duty to implement a final judgment as written forthwith pursuant to 15 U.S.C. § 1119. Nor is there precedent for any agency to allow the parties against whom a final judgment has been entered and affirmed by a superior court to both comment upon that final judgment's interpretation and also to argue against its implementation. These issues were foreclosed from further adversarial litigation once the judgment became final.

The "Notice" is a final decision entered after a sui generis cancellation proceeding instituted by the Director. It is appealable to this Court because it is a "dispositive decision" that purports to adjudicate rights with respect to the U.S. HAVANA CLUB Registration and does so in a manner contrary to the Mandate the PTO was obligated to enforce as written. U.S. Treasury v. Synthetic Plastics Co., 341 F.2d 157, 157 (C.C.P.A. 1965) (dismissing appeal because TTAB's refusal to strike paragraphs of Answer to Notice of Opposition not dispositive of any

issue in that proceeding); see also, J. Thomas McCarthy, 3 McCarthy on Trade Marks and Unfair Competition § 21:19 (4th ed. 2002). Accordingly, this Court has jurisdiction over this appeal pursuant to 15 U.S.C. §1071(a).

B. The Section 37 Show Cause Proceeding Was, In Effect, A Cancellation Proceeding

The Section 37 Show Cause Proceeding, as shown more fully below, was not the ministerial agency action implementing a final judgment envisioned by Section 37 of the Lanham Act. That provision explicitly states that the Director's actions shall be controlled by the four corners of the decree enforced.[8] In disregard of that statutory limitation, the Director without citing any countervailing statutory authority or prior PTO precedent, granted counsel for HCH and HCI -- the parties against whom the final judgment had been rendered -- the right to file comments and make arguments before the PTO as to when and how the Mandate should be enforced and interpreted. In concocting the Section 37 Show Cause Proceeding, the PTO arrogated to itself the power to interpret, modify, or stay enforcement of the Mandate and thus ignored the fundamental principle embodied in the Mandate Rule that when matters are decided by an appellate court, an inferior court or agency is bound to follow the Mandate handed down to the letter. See, e.g., Jewelers Vigilance Comm. Inc. v. Ullenberg Corp., 853 F.2d 888, 892 n.3 (Fed. Cir. 1988) ("An inferior court has no power or authority to deviate from the mandate issued by the appellate court.").

The Section 37 Show Cause Proceeding was, in effect, a sui generis cancellation proceeding concerning the U.S. HAVANA CLUB Registration. After considering the briefs and

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[8] Section 37 of the Lanham Act, 15 U.S.C. § 1119, reads in pertinent part as follows:

> Decrees and Orders shall be certified by the court to the Director, who shall make appropriate entry upon the records of the Patent and Trademark Office and shall be controlled thereby. (emphasis added).

replies filed by counsel for HCH and Bacardi, the PTO on January 15, 2002, issued what was denominated as a "Notice" pursuant to 15 U.S.C. § 1119, together with an accompanying Order to the Assignment Division, supposedly implementing the Mandate. That "Notice" cryptically stated, without explication or rationale, that the records of the PTO were being rectified "to reflect the district court's order invalidating" the assignments at issue. No reason was offered as to why major portions of the Mandate were not addressed at all. Nor was there an explanation as to why the attached Order to the Assignment Division directly conflicted with both the Notice and the Mandate. The "Notice" was accompanied by a handwritten Order signed by Lynne Beresford, Deputy Commissioner, with an attached "Notice of Recordation of Assignment Document", which recited that by "Court Order," the "Assignor: U.S. District Court for SDNY" by "Doc. Date: 10/20/1997" assigned Trademark Registration No. 1,031,651 to "Empresa Cubana Exportada de Alimentos y Productos Varios" ("Cubaexport").

This was not what the Mandate commanded the Director to do. The Mandate declared that Cubaexport's attempts to convey the HAVANA CLUB trademark and the related federal registration, first, to Havana Rum and Liquors, S.A. ("HRL") on October 29, 1993 and, then, from HRL to HCH were "rendered null and void" for violations of U.S. law and regulations and "the attempted assignment of said HAVANA CLUB mark and the related registration were invalid and of no force and effect and void ab initio." (See Exh. A, ¶¶ 3 and 4). Under the Mandate that registration was never assigned, and Cubaexport was not the assignee or recipient of rights to the U.S. HAVANA CLUB Registration on October 20, 1997. Instead, Cubaexport had whatever rights, if any, it had in the U.S. HAVANA CLUB Registration as though the purported transfers never were executed on October 29, 1993. (Id. at ¶ 5). Moreover, Cubaexport's claimed rights in the U.S. HAVANA CLUB Registration were expressly subject to

the right of Bacardi or others to contest those rights or contend that said rights were lost as a result of acts or omissions by Cubaexport. (Id. at ¶ 10).[9]

Since no registration can persist without a registrant, the Assignment Order issued in conjunction with the Notice implies that HCH had title to the U.S. HAVANA CLUB Registration from October 29, 1993 to "10/20/1997" (the execution date of the conveyance in the Assignment Order), and at the very least, creates ambiguity on the ownership point. This is decidedly contrary to the Mandate which leaves no room for doubt on this score, stating:

> Any rights that [HCH] may have had, may have or claims to have had in the Registration of the HAVANA CLUB trademark (U.S. Reg. No. 1,031,651) from forever until today are hereby canceled. (See Exh. A at ¶ 8).

Accordingly, the Mandate to the Director precludes the PTO from taking the position or conceding in any way that HCH may ever have had an ownership interest in the U.S. HAVANA CLUB Registration. This is a crucial point because unless the U.S. HAVANA CLUB Registration was owned by HCH when HCH filed its renewal affidavit then that registration lapsed as a matter of law.

Nonetheless, the Assignment Order conveys "Reg. No. 1,031,651" to Cubaexport and simply omits mention of the record owner which on the PTO's records that date had been HCH. Moreover, as Cubaexport is listed as the assignee it presumably could not have been the owner of the U.S. HAVANA CLUB Registration according to the Director's Notice and actions. But this is the opposite of what Judge Scheindlin did in her carefully worded Mandate which invalidated the purported transfers ab initio. The manner in which the Director proceeds violates

---

[9] The "acts or omissions" referred to included Cubaexport's abandonment after 1993 of the HAVANA CLUB mark and its failure to file the mandatory renewal affidavit.

the CACR's as it purports to transfer the U.S. HAVANA CLUB Registration to Cubaexport without OFAC approval.

Indeed, the "Notice" issued by the Commissioner of Trademarks, is so caged that neither a reviewing court, the Board, nor Bacardi can discern precisely what it was intended to accomplish. The Notice states that the records of the PTO were being rectified "to reflect the district court's order invalidating the recorded assignments" of the U.S. HAVANA CLUB Registration, but the accompanying Order to the Assignment Division instead tacitly ratified the assignments up until the October 1997 date of the Partial Judgment.

Bacardi contended, in response to the Order to Show Cause, that the U.S. HAVANA CLUB Registration in the name of Cubaexport must be cancelled because Cubaexport, as the sole owner of the mark, never filed the mandatory renewal affidavit that is an unwaivable statutory requirement for keeping that registration from being stricken from the PTO records. The "Notice" was silent on this argument and the Director now argues that the PTO did not make any substantive decision as to any trademark rights affected by the Mandate. This position cannot stand scrutiny. While the "Notice" is deliberately silent on its rationale, the Notice and Order did juggle substantive trademark rights in a manner that conflicts with the Mandate. The PTO did, for instance, obliquely and partially respond to the Mandate's direction to cancel HCH's rights in the U.S. HAVANA CLUB Registration by ordering the Assignment Division to convey that registration on 10/20/97, to Cubaexport, as assignee. But this order to the Assignment Division, putatively done at the Mandate's direction, creates a lacuna as to ownership that does not exist under the letter of the Mandate. The Mandate declared HCH never attained any rights in the U.S. HAVANA CLUB Registration and that Cubaexport's abortive transfers were void from the beginning. But the PTO's Order has Cubaexport receiving rights it

never parted with, presumably from HCH which never had any rights to convey. This conveyance ordered by the PTO also appears to violate the CACR's, an eventuality that would never occur if the Mandate had not been contravened by the Director.

Under the Mandate Rule, sometimes described as part of the law of case doctrine, an administrative agency is bound by the mandate of a superior court as a lower court is bound by the mandate of a higher court. See 18B Charles Alan Wright, Arthur M. Miller, Edward H. Cooper, Federal Practice and Procedure § 4478.3 (West Group 2d ed. 2002) (citing (Beverly Enter. v. National Labor Relations Board, 727 F.2d 591, 593 (6th Cir. 1984) ("The basic doctrine that, until reversed, the dictates of a Court of Appeals must be adhered to by those subject to the appellate court's jurisdiction applies equally to the precedential rule of stare decisis and the policy rule respecting the law of the case. Administrative agencies are no more free to ignore this doctrine than are district courts.")). "The law of case doctrine, which requires 'the trial court to conform any further proceeding on remand to the principles set forth in the appellate opinion unless there is a compelling reason to depart,' is applicable to judicial review of administrative decisions." Wilder v. Apfel, 153 F.3d 799, 803 (7th Cir. 1998) (holding that the Secretary of Health and Human Services exceeded his authority when he expanded his previous inquiry outside the scope of the remand order).

A plausible conjecture as to why the PTO ignored the rule is that the PTO was taken in by HCH's post final judgment argument (previously rejected by the courts) that if OFAC would grant a license to approve the proscribed transfers the U.S. HAVANA CLUB Registration could somehow be revived in HCH's name.[10] Whatever the reason, the blatant

[10] Indeed, in the Section 37 Show Cause Proceeding, counsel for HCH and HCI reiterated two of the same arguments those parties made and lost to the District Court, the Second Circuit Court of Appeals, and the United States Supreme Court. First, that if HCH's application for a license to the Department of Treasury Office of Foreign Assets Control

contradiction between the PTO's order regarding cancellation and the Mandate it was obligated to enforce violates the Lanham Act and the Mandate Rule and casts a pall over what issues are before the Board in the pending cancellation in which Bacardi is seeking to cancel the U.S. HAVANA CLUB Registration in the name of HCH.

The Director concedes that if Bacardi receives an adverse decision from the Board in respect to the pending HAVANA CLUB cancellation proceeding, Bacardi would have the right to appeal that decision to this Court, but ignores the fact that the earlier unprecedented Section 37 Show Cause Proceeding ordered by the Director was itself a cancellation proceeding that usurps or could certainly be read as usurping the authority delegated to the Board to decide the pending cancellation under the Lanham Act.

II. The January 15th Notice And Order Should Be Stricken Or At The Very Least, A Reasoned Decision Should Be Given

The Director's brief argues that if Bacardi questions the manner in which the PTO has implemented the Partial Judgment, Bacardi should seek clarification of the Partial Judgment from the District Court. (See Dir. Mem. at p. 9). However, the four corners of the Partial Judgment unambiguously direct the PTO pursuant to 15 U.S.C. § 1119 to invalidate the assignments of the U.S. HAVANA CLUB Registration and to cancel that registration in the name of HCH and to assure Bacardi a forum in which Cubaexport's claims to the U.S. HAVANA CLUB Registration can be challenged based on Cubaexport's acts and omissions, including its undeniable failure to file a renewal affidavit. No clarification by the District Court is necessary.

("OFAC") were granted it would somehow moot the Partial Judgment of the District Court, despite the fact that the Judgment was final. And, second, that the rectification of the records set out in the Order To Show Cause was "narrowly and precisely worded" based not on the Mandate (Partial Judgment) of the District Court but on language taken out of the earlier decision.

The Notice and Order to the Assignment Division, should be stricken in light of the violations of the Lanham Act and the Mandate Rule that led to its issuance and a detailed order entered assuring that the Director adheres to the original Mandate. Or, at the very least, Bacardi is entitled to a "full and reasoned explanation" with respect to the Notice and Order. In re Sang-su Lee, 277 F.3d 1338, 1342 (Fed. Cir. 2002).[11]

The APA established a "scheme of 'reasoned decisionmaking'," pursuant to which an agency order must not only be "within the scope of its lawful authority, but the process by which it reaches that result must be logical and rational" within the context of its own administrative procedures. In re Sang-su Lee, 277 F.3d at 1342 (citations omitted).

As argued supra, the Notice was issued after an unprecedented proceeding that violated 15 U.S.C. § 1119 and the PTO's established administrative proceedings. Clearly the PTO acted outside the scope of its authority in initiating the Section 37 Show Cause Proceeding so this Court has the judicial power to strike that Notice in order to preserve its own appellate jurisdiction over appeals from cancellation proceedings before the Board.

---

[11] The PTO is subject to the constraints set forth in the Administrative Procedure Act ("APA"), 5 U.S.C. § 706. Dickenson v. Zurko, 527 U.S. 50, 154 (1999). The APA provides in relevant part that this Court shall:

> (2) hold unlawful and set aside agency action, findings, and conclusions found to be-
> A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law;
> B) contrary to constitutional right, power, privilege, or immunity;
> C) in excess of statutory jurisdiction, authority, or limitation, or short of statutory right;
> D) without observance of procedure required by law
> E) unsupported by substantial evidence in a case subject to sections 556 and 557 of this title or otherwise reviewed on the record of an agency hearing provided by statute . . .

5 U.S.C. § 706 (2) (A-E).

In the alternative, the Notice and Order is neither rational nor even understandable and this Court should order the PTO to articulate reasons for instituting the Section 37 Show Cause Proceeding and explain the measures ordered in the Notice and Order to the Assignments Branch. Id.

III. This Court Alternatively Has Jurisdiction Over This Appeal Under The All Writs Act

The Director argues that this Court lacks jurisdiction over the instant appeal because Bacardi lacks a statutory basis under 15 U.S.C. § 1071(a). (See Dir. Mem. at pp. 7-9). That argument ignores the fact that this Court has jurisdiction over adverse determinations with respect to cancellations, but even assuming arguendo that Section 1071 does not apply, this Court nonetheless has jurisdiction to issue a writ under the All Writs Act, 28 U.S.C. § 1651, in aid of its prospective appellate jurisdiction. See 28 U.S.C. § 1651 ("all courts established by Act of Congress may issue all writs necessary or appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law); Margolis v. Banner, 599 F.2d 435, 440-41 (C.C.P.A. 1979); McCarthy on Trademarks § 21:19 (Federal Circuit "has the discretionary power to issue writs of mandamus and prohibition under the All Writs Act"). Accordingly, this Court should treat the notice of appeal as a petition for mandamus. See Moore's Federal Practice § 204.05[2] (Matthew Bender 3rd ed. 1997) (citing Wilk v. American Med. Ass'n, 635 F.2d 1295, 1298 (6th Cir. 1981) (treating a notice of appeal as an application for a writ of mandamus under the All Writs Act)).

In Margolis, petitioners sought in this Court a writ of mandamus and prohibition to the Commissioner of Patents and Trademarks with respect to a patent application after a ruling of abandonment from the Deputy Assistant Commissioner. Margolis, 599 F.2d at 440. That ruling precluded them from an appeal to the Board of Appeals from whose decision an appeal

could be taken to this Court. Id. The Court held that it had the power to issue a writ under the All Writs Act in aid of its prospective jurisdiction. Id. at 441. After deciding that it had jurisdiction under the All Writs Act, the Court then issued a writ of mandamus to vacate the ruling of abandonment because that ruling "had the effect of frustrating this court's prospective appellate jurisdiction over an appeal from a decision of the Board of Appeals" and "no other adequate means [was] available that would permit petitioners to obtain review by the Board of Appeals and to secure this court's eventual appellate jurisdiction." Id. at 443.

Like the ruling in Margolis, the Notice and Order to the Assignment Division threatens to deprive Bacardi of ever obtaining effective review by this Court: 1) of the Director's actions and Notice, particularly, as to whether Section 37 of the Lanham Act and the Mandate Rule were violated and 2) of the eventual decision of the Board in Cancellation No. 24,108 seeking cancellation of the U.S. HAVANA CLUB Registration in the name of Cubaexport. The Director concedes that Bacardi has an appeal of right to this Court if Bacardi is dissatisfied with the decision of the Board in that or a similar cancellation proceeding. But the Director's actions in his own adjunct cancellation proceeding may well have usurped the Board's authority to address all the grounds for cancellation asserted in the cancellation and expressly preserved in the Mandate, depriving this Court of its eventual appellate jurisdiction. Accordingly, this Court has jurisdiction over the instant appeal and the power to issue a writ of mandamus vacating the Notice. See 15 U.S.C. § 1071(a); 28 U.S.C. § 1651.

CONCLUSION

For the reasons set forth above, Bacardi respectfully requests that the Director's Motion to Dismiss be denied in its entirety.

Dated: May 28, 2002
New York, New York

Respectfully Submitted,

KELLEY DRYE & WARREN LLP

By: William R. Golden, Jr.
William R. Golden, Jr.
101 Park Avenue
New York, New York 10178
Telephone: (212) 808-7800
Facsimile: (212) 808-7897

Attorneys for Bacardi & Company, Ltd. (formerly Galleon, S.A.) and Bacardi U.S.A., Inc. (formerly Bacardi-Martini U.S.A., Inc.)

Of Counsel: Michelle M. Graham, Esq.

Docket No. T-143/2002

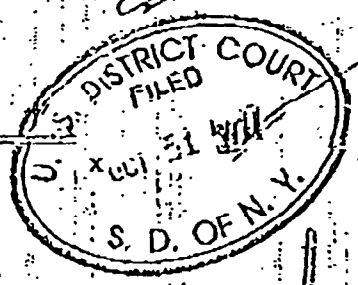
CERTIFICATE OF SERVICE

It is hereby certified that this Appellant's Response to the Director of the United States Patent and Trademark Offices Motion to Dismiss for Lack of Jurisdiction, with Exhibits (A - C); Certificate of Interest; and Entry of Appearance, have been served upon the United States Patent and Trademark Office, by hand-filing a copy to Office of the Solicitor, Crystal Park 2, Room 714, Arlington, Virginia 22202; and has been served upon Charles S. Sims, Esquire, Proskauer Rose LLP, 1585 Broadway, New York, New York 10036, by First Class Mail; and has been served upon Michael Krinsky, Esquire, Rabinowitz, Boudin, Standard, Krinsky, & Lieberman, P.C., 740 Broadway, New York, New York 10003, by First Class Mail; all on this 28th day of May, 2002.

By: Daniel T. Earle
Daniel T. Earle

ds

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



OCT 20 1997

HAVANA CLUB HOLDING, S.A. and
HAVANA CLUB INTERNATIONAL, S.A.,

Plaintiffs,

- against -

GALLEON S.A., BACARDI-MARTINI USA, INC., GALLO WINE DISTRIBUTORS, INC., G.W.D. HOLDINGS, INC. and PREMIER WINE AND SPIRITS,

Defendants.

96 Civ. 9655 (SAS)

PARTIAL JUDGMENT

WHEREAS, the Plaintiffs initiated this action alleging, inter alia, infringement of the registered mark HAVANA CLUB for rum; and

WHEREAS, this Court issued its opinion dated August 8, 1997, in connection with certain motions therein;

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED:

1. The Cuban Asset Control Regulations ("CACR") implemented in 1963 under Section 5(b) of the Trading With The Enemy Act of 1917, as amended, 50 U.S.C. App. 1-44, prohibit transfers of property, including trademarks, in which a Cuban entity has an interest except when authorized by the Office of Foreign Assets Control ("OFAC") acting on behalf of the Secretary of the Treasury.

Attachment 1

2. In 1976, the trademark HAVANA CLUB for "rum" was registered in the United States Patent and Trademark Office ("related U.S. Registration") by Empresa Exportadora de Alimentos y Productos Varios ("Cubaexport"), a Cuban state enterprise.

3. On October 29, 1993, Cubaexport entered into an agreement transferring the U.S. rights to the HAVANA CLUB trademark and the related U.S. Registration to Havana Rum & Liquors, S.A. On or about November 22, 1993, Havana Rum & Liquors, S.A. entered into an agreement transferring the aforesaid mark and the related U.S. Registration to Havana Club Holding, S.A.

4. Those provisions of the original transfer agreement relating to transfers of the U.S. rights to the HAVANA CLUB mark and the related U.S. Registration were rendered null and void by the CACR, § 515.201(b)(1), and the attempted assignment of said HAVANA CLUB mark and the related U.S. Registration were invalid and of no force and effect and void ab initio.

5. As a result, the status quo ante as of the October 29, 1993 date of said abortive original transfer agreement is restored, and Cubaexport retained whatever rights it had in said mark and the related U.S. Registration as of said date, notwithstanding the invalid transfers.

6. Neither Havana Rum & Liquors, S.A., Havana Club Holding, S.A. nor its licensee, Havana Club International, S.A. ever obtained any rights to the HAVANA CLUB mark in the United States by transfer.

7. Plaintiffs Havana Club Holding, S.A. and Havana Club International, S.A. have no rights to the registered trademark HAVANA CLUB for "rum" in the United States.

8. Any rights that Havana Club Holding, S.A. may have had, may have or claims to have had in the Registration of the HAVANA CLUB trademark (U.S. Reg. No. 1,031,651) from

forever until today are hereby canceled.

9. Count I for infringement of a federally registered trademark under Section 32 of the Lanham Act is dismissed with prejudice.

10. Nothing herein shall prevent Cubaexport, if it so chooses, from asserting or seeking to enforce rights in the trademark HAVANA CLUB rum in the United States and nothing herein shall prevent the defendants or others from contesting those rights or contending that said rights were lost as a result of acts or omissions by Cubaexport.

11. The Court certifies the instant Order and its Opinion and Order dated August 8, 1997 to the Commissioner of Patents and Trademarks pursuant to Section 37 of the Lanham Act, 15 U.S.C. § 1119.

12. The operation and enforcement of this Judgment, including modification of or entry upon the records of the United States Patent and Trademark Office pursuant to Section 37 of the Lanham Act, 15 U.S.C. § 1119, are stayed pending appeal from the final judgment in this action.

Dated at New York, New York, this 20 day of October, 1997.

U.S.D.J.

CERTIFIED
JAMES M. PARKISON

UNITED STATES PATENT AND TRADEMARK OFFICE

HAVANA CLUB HOLDING, S.A. HAVANA CLUB, INTERNATIONAL, S.A. Plaintiffs-Counter-Defendants-Appellants, vs. GALLEON, S.A., BACARDI-MARTINI, USA, INC. Defendants-Appellees.	)	ORDER TO SHOW CAUSE

On October 20, 1997, the United States District Court for the Southern District of New York entered a Partial Judgment (Attachment 1) which concerns U.S. trademark registration No. 1,031,651 for the trademark "HAVANA CLUB & DESIGN" for use on rum (Attachment 2). Office records indicate that the registration was issued to Empresa Cubana Exportadora De Alimentos Y Productos Varios trading as Cubaexport. An assignment of the registration to Havana Rum and Liquors, S.A. (HR&L, S.A.) was recorded on January 10, 1994. On September 13, 1994, an assignment of the registration to Havana Club Holdings, S.A. DBA HCH, S.A. was recorded.

With regard to this registration, the district court states in pertinent part:

> 5. As a result, the status quo ante as of the October 29, 1993 date of said abortive original transfer agreement is restored, and Cubaexport retained whatever rights it had in said mark and the related U.S. Registration as of said date, notwithstanding the invalid transfers.
>
> 6. Neither Havana Rum & Liquors, S.A., Havana Club Holding, S.A., nor its licensee, Havana Club International, S.A. ever obtained any rights to the HAVANA CLUB mark in the United States by transfer.

7. Plaintiffs Havana Club, S.A. and Havana Club International, S.A. have no rights to the registered trademark HAVANA CLUB for 'rum' in the United States.

8. Any rights that Havana Club Holding, S.A. may have had, may have or claims to have had in the Registration of the HAVANA CLUB trademark (U.S. Reg. No. 1,031,651) from forever until today are hereby canceled.

Havana Club Holding, S.A. v. Galleon S.A., No. 96 Civ. 9655, slip op. at 2 (S.D.N.Y. filed Oct. 20, 1997) (Partial Judgment) (Attachment 1, ¶¶ 5-8).

The district court certified the order and an accompanying order and opinion dated August 8, 1997, to the Director of the United States Patent and Trademark Office pursuant to 15 U.S.C. § 1119. However, the district court ordered that the operation and enforcement of the partial judgment be stayed pending appeal from the final judgment in the case. *Id.* at 3, ¶ 12. The district court subsequently entered a final judgment for the defendants, which was affirmed by the Court of Appeals for the Second Circuit. (Attachment 3); *see also*, Havana Club Holding, S.A. v. Galleon S.A., 203 F.3d 116, 135 (2d Cir.2000).

On August 17, 2001, William Golden, Jr., counsel for Galleon, S.A. and Bacardi-Martini USA Inc., sent correspondence concerning this case to the Office of the Commissioner for Trademarks at the United States Patent and Trademark Office (USPTO). Mr. Golden's letter suggests that the stay pending the appeal from the Final Order is now lifted (Attachment 4).

Accordingly, the parties are hereby given 14 days from the date of this Order to show cause why the Director of the United States Patent and Trademark Office should not now rectify the records of the USPTO pursuant to 15 U.S.C. § 1119 to reflect the district court's order invalidating the following recorded assignments of the entire interest and goodwill in U.S. Reg. No. 1,031,651

(Serial No. 73/023981):

(1) Reel: 1104 Frame: 0046

Assignor: Empresa Cubana Exportadora De Alimentos y Productos Varios, S.A. DBA Cubaexport

Assignee: Havana Rum and Liquors, S.A.

(2) Reel: 1129 Frame: 0428

Assignor: Havana Rum and Liquors, S.A.

Assignee: Havana Club Holdings, S.A. DBA HCH, S.A.

This Order shall be served upon:

(1) Plaintiffs, by service upon counsel Charles S. Sims, Esq., Proskauer Rose, LLP, 1585 Broadway, New York, N.Y. 10036, and by service upon Michael Krinsky, Esq., Rabinowitz, Boudin, Standard, Krinsky & Lieberman, P.C., 740 Broadway, New York, N.Y. 10003; and

(2) Defendants, by service upon counsel William R. Golden, Jr., Esq., Kelley Drye & Warren, LLP, 101 Park Avenue, New York, N.Y. 10178.

Dated: OCT 26 2001

Nicholas P. Godici

NICHOLAS P. GODICI
Acting Under Secretary of Commerce for Intellectual Property and Acting Director of the United States Patent and Trademark Office

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

OCT 20 1997

HAVANA CLUB HOLDING, S.A. and
HAVANA CLUB INTERNATIONAL, S.A.,

Plaintiffs,

- against -

GALLEON S.A., BACARDI-MARTINI USA, INC., GALLO WINE DISTRIBUTORS, INC., G.W.D. HOLDINGS, INC. and PREMIER WINE AND SPIRITS,

Defendants.

96 Civ. 9655 (SAS)

PARTIAL JUDGMENT

WHEREAS, the Plaintiffs initiated this action alleging, inter alia, infringement of the registered mark HAVANA CLUB for rum; and

WHEREAS, this Court issued its opinion dated August 8, 1997, in connection with certain motions therein;

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED:

1. The Cuban Asset Control Regulations ("CACR") implemented in 1963 under Section 5(b) of the Trading With The Enemy Act of 1917, as amended, 50 U.S.C. App. 1-44, prohibit transfers of property, including trademarks, in which a Cuban entity has an interest except when authorized by the Office of Foreign Assets Control ("OFAC") acting on behalf of the Secretary of the Treasury.

Attachment 1

2. In 1976, the trademark HAVANA CLUB for "rum" was registered in the United States Patent and Trademark Office ("related U.S. Registration") by Empresa Exportadora de Alimentos y Productos Varios ("Cubaexport"), a Cuban state enterprise.

3. On October 29, 1993, Cubaexport entered into an agreement transferring the U.S. rights to the HAVANA CLUB trademark and the related U.S. Registration to Havana Rum & Liquors, S.A. On or about November 22, 1993, Havana Rum & Liquors, S.A. entered into an agreement transferring the aforesaid mark and the related U.S. Registration to Havana Club Holding, S.A.

4. Those provisions of the original transfer agreement relating to transfers of the U.S. rights to the HAVANA CLUB mark and the related U.S. Registration were rendered null and void by the CACR, § 515.201(b)(1), and the attempted assignment of said HAVANA CLUB mark and the related U.S. Registration were invalid and of no force and effect and void ab initio.

5. As a result, the status quo ante as of the October 29, 1993 date of said abortive original transfer agreement is restored, and Cubaexport retained whatever rights it had in said mark and the related U.S. Registration as of said date, notwithstanding the invalid transfers.

6. Neither Havana Rum & Liquors, S.A., Havana Club Holding, S.A. nor its licensee, Havana Club International, S.A. ever obtained any rights to the HAVANA CLUB mark in the United States by transfer.

7. Plaintiffs Havana Club Holding, S.A. and Havana Club International, S.A. have no rights to the registered trademark HAVANA CLUB for "rum" in the United States.

8. Any rights that Havana Club Holding, S.A. may have had, may have or claims to have had in the Registration of the HAVANA CLUB trademark (U.S. Reg. No. 1,031,651) from

forever until today are hereby canceled.

9. Count I for infringement of a federally registered trademark under Section 32 of the Lanham Act is dismissed with prejudice.

10. Nothing herein shall prevent Cubaexport, if it so chooses, from asserting or seeking to enforce rights in the trademark HAVANA CLUB rum in the United States and nothing herein shall prevent the defendants or others from contesting those rights or contending that said rights were lost as a result of acts or omissions by Cubaexport.

11. The Court certifies the instant Order and its Opinion and Order dated August 8, 1997 to the Commissioner of Patents and Trademarks pursuant to Section 37 of the Lanham Act, 15 U.S.C. § 1119.

12. The operation and enforcement of this Judgment, including modification of or entry upon the records of the United States Patent and Trademark Office pursuant to Section 37 of the Lanham Act, 15 U.S.C. § 1119, are stayed pending appeal from the final judgment in this action.

Dated at New York, New York, this 20 day of October, 1997.

U.S.D.J.

CERTIFIED
JAMES M. PARKISON

Int. Cl.: 33

Prior U.S. Cls.: 47 and 49

United States Patent and Trademark Office

Reg. No. 1,031,651

Registered Jan. 27, 1976

10 Year Renewal

Renewal Term Begins Jan. 27, 1996

TRADEMARK
PRINCIPAL REGISTER

HAVANA CLUB HOLDING, S.A. (LUXEMBOURG COMPANY)
6 RUE HEINE
L-1720, LUXEMBOURG, BY ASSIGNMENT AND ASSIGNMENT FROM EMPRESA CUBANA EXPORTADORA DE ALIMENTOS Y PRODUCTOS VARIOS (CUBA COMPANY), DBA CUBA EXPORT, VEDADO HAVANA, CUBA

OWNER OF CUBA REG. NO. 110353, DATED 2-12-1974.

APPLICANT DISCLAIMS THE WORDS "HAVANA" AND "FUDNADA EN 1878" APART FROM THE MARK AS A WHOLE.

THE DRAWING IS LINED FOR THE COLOR GOLD.

FOR: RUM, IN CLASS 33 (U.S. CLS. 47 AND 49).

SER. NO. 73-023,981, FILED 6-12-1974.

In testimony whereof I have hereunto set my hand and caused the seal of The Patent and Trademark Office to be affixed on July 30, 1996.

Attachment 2

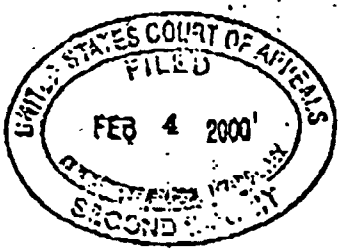
COMMISSIONER OF PATENTS AND TRADEMARKS

FOR THE SECOND CIRCUIT
UNITED STATES COURT HOUSE
40 FOLEY SQUARE
NEW YORK 10007

SDNY/NYC
96-CV-9655
JUDGE SCHEINDLIN

At a stated Term of the United States Court of Appeals for the Second Circuit, held at the United States Courthouse in the City of New York, Foley Square, on the 4th day of February, two thousand.

BEFORE: Hon. Ralph K. Winter
Chief Judge
Hon. Jon O. Newman
Hon. Sonia Sotomayor
Circuit Judges



Docket No. 99-7582

HAVANA CLUB HOLDING, S.A., HAVANA CLUB INTERNATIONAL, S.A.,

Plaintiffs-Counter-Defendants-Appellants,

-v-

Original

GALLEON S.A., BACARDI-MARTINI USA, INC.,

Defendants-Counter-Claimants-Appellees,

GALLO WINE DISTRIBUTORS, INC., G.W.D. HOLDINGS INC., PREMIER WINE AND SPIRITS,

Defendants-Appellees.

Appeal from the United States District Court for the Southern District of New York.

This cause came on to be heard on the transcript of record from the Southern District of New York and was argued by counsel.

ON CONSIDERATION WHEREOF, it is now hereby ORDERED, ADJUDGED, and DECREED that the judgment of said district court be and it hereby is affirmed in accordance with the opinion of this court.

FOR THE COURT
Karen Greve Milton, Acting Clerk
By:

Beth J. Meador
Administrative Attorney
Date: 7/12/01

A TRUE COPY
ROSEANN B. MACKECHNIE, CLERK

Aug 17, 2001 PTO CTH

THE MANDATE, CONSISTING OF THE ITEMS BELOW, HAS BEEN RECEIVED.
( ) OPINION ( ) STATEMENT OF COSTS
(X) ORDER

RECEIVED BY_____DATE_____

Attachment 3

KELLEY DRYE & WARREN LLP
A LIMITED LIABILITY PARTNERSHIP
101 PARK AVENUE
NEW YORK, NEW YORK 10178
(212) 808-7800
FACSIMILE
(212) 808-7897
www.kelleydrye.com

WASHINGTON, DC
LOS ANGELES, CA
CHICAGO, IL
STAMFORD, CT
PARSIPPANY, NJ

BRUSSELS, BELGIUM
HONG KONG

AFFILIATE OFFICES
BANGKOK, THAILAND
JAKARTA, INDONESIA
MANILA, THE PHILIPPINES
MUMBAI, INDIA
TOKYO, JAPAN

August 17, 2001

WILLIAM R. GOLDEN, JR.
DIRECT LINE (212) 808-7892
E-MAIL: wgolden@kelleydrye.com

VIA EXPRESS MAIL

Lynne G. Beresford, Esq.
Deputy Commissioner for Trademark
Examination Policy
United States Patent and Trademark Office
2900 Crystal Drive
Arlington, Virginia 22202

Re: Bacardi & Company, Ltd.-Havana Club

Dear Ms. Beresford:

Because the procedural background of this matter was somewhat complex procedurally. I thought it would be helpful if I set out the chronology of the orders.

The Court entered an Opinion and Order on August 12, 1997, regarding Bacardi's Summary Judgment Motion with respect to the trademark HAVANA CLUB. On October 22, 1997, a Partial Judgment (certified copy enclosed) was entered and shortly thereafter was filed with the Patent and Trademark Office ("PTO") at the Court's direction. But the Partial Judgment was stayed pending appeal from the Final Order. The Final Order was entered on April 19, 1999.

An appeal was taken from the Final Order to the Second Circuit Court of Appeals, which unanimously upheld the district court. The Second Circuit's Mandate became final on February 25, 2000 because plaintiff neglected to move to stay issuance of the Mandate pending *cert.*

Plaintiff's Petition for Writ of *Certiorari* was denied on October 2, 2000.

Attachment 4

I hope this clarifies the chronology and explains why the mandate was final before *cert.* was denied. I also wanted to assure that you also had a certified copy of the Partial Judgment, which had previously been filed with the PTO.

Sincerely,

William R. Golden, Jr.

WRG:kg

CERTIFICATE OF SERVICE

I certify that on October 29, 2001, I caused copies of the foregoing Order to Show Cause to be delivered by Federal Express, next-day delivery, addressed as follows:

Charles S. Sims, Esq.
Proskauer Rose, LLP
1585 Broadway
New York, NY 10036

Michael Krinsky, Esq.
Rabinowitz, Boudin, Standard, Krinsky & Lieberman , PC
740 Broadway
New York, NY 10003

William R. Golden, Jr., Esq.
Kelley Drye & Warren, LLP
101 Park Avenue
New York, NY 10178

Cynthia C. Lynch
P.O. Box 15667
Arlington, Virginia 22215
(703) 305-9035

UNITED STATES
PATENT AND
TRADEMARK OFFICE

Commissioner for Trademarks
Arlington, VA 22202-3515
www.uspto.gov

March 7, 2002

Kelley Drye & Warren, LLP
101 Park Avenue
New York, New York 10178

Re: Havana Club Holdings, S.A. v. Galleon S.A.

Dear Mr. Golden,

This responds to your February 27, 2002 letter to Cynthia Lynch, an Associate Solicitor, regarding Havana Club Holdings, S.A. v. Galleon S.A. As a result of your concerns regarding receipt of the January 15, 2002 notice issued in connection with the order of the District Court of the Southern District of New York in this matter, I looked into service of the notice. Unfortunately, it appears that due to an oversight in the Office of the Commissioner for Trademarks, the notice was not served contemporaneously with the issuance of the notice on January 15, 2002. The oversight occurred because, in the normal course of business, assignment records are sent by regular mail to the assignee, and notice of assignments are not served on any other parties. No certificate of service was attached to the notice. I apologize for any inconvenience this may have caused, and I enclose your service copy with this letter.

Also, I note that it is my understanding from Ms. Lynch that she made no representations and reached no agreement with you as to the United States Patent and Trademark Office's method of service of any documents in connection with the Order to Show Cause.

Thank you very much for your understanding in this matter.

Sincerely,

Lynne G. Beresford
Deputy Commissioner for Trademark
Examination Policy

CC: Charles S. Sims, Esq. (w/encl)
Michael Krinsky, Esq. (w/encl)

UNITED STATES
PATENT AND
TRADEMARK OFFICE

JANUARY 17, 2002

PTAS

Under Secretary of Commerce For Intellectual Property and
Director of the United States Patent and Trademark Office
Washington, DC 20231
www.uspto.gov

EMPRESA CUBANA EX PORTADA
T/A CUBA EXPORT
55 23RD ST.
VEDADO HAVANA, CUBA

UNITED STATES PATENT AND TRADEMARK OFFICE
NOTICE OF RECORDATION OF ASSIGNMENT DOCUMENT

THE ENCLOSED DOCUMENT HAS BEEN RECORDED BY THE ASSIGNMENT DIVISION OF THE U.S. PATENT AND TRADEMARK OFFICE. A COMPLETE MICROFILM COPY IS AVAILABLE AT THE ASSIGNMENT SEARCH ROOM ON THE REEL AND FRAME NUMBER REFERENCED BELOW.

PLEASE REVIEW ALL INFORMATION CONTAINED ON THIS NOTICE. THE INFORMATION CONTAINED ON THIS RECORDATION NOTICE REFLECTS THE DATA PRESENT IN THE PATENT AND TRADEMARK ASSIGNMENT SYSTEM. IF YOU SHOULD FIND ANY ERRORS OR HAVE QUESTIONS CONCERNING THIS NOTICE, YOU MAY CONTACT THE EMPLOYEE WHOSE NAME APPEARS ON THIS NOTICE AT 703-308-9723. PLEASE SEND REQUEST FOR CORRECTION TO: U.S. PATENT AND TRADEMARK OFFICE, ASSIGNMENT DIVISION, BOX ASSIGNMENTS, CG-4, 1213 JEFFERSON DAVIS HWY, SUITE 320, WASHINGTON, D.C. 20231.

RECORDATION DATE: 01/17/2002

REEL/FRAME: 002398/0855
NUMBER OF PAGES: 9

BRIEF: COURT ORDER

ASSIGNOR:
U. S. DISTRICT COURT FOR SDNY

DOC DATE: 10/20/1997
CITIZENSHIP:
ENTITY: UNKNOWN

ASSIGNEE:
EMPRESA CUBANA EXPORTADA DE ALIMENTOS Y PRODUCTOS VARIOS T/A CUBA EXPORT
55 23RD ST
VEDADO HAVANA, CUBA

CITIZENSHIP: CUBA
ENTITY: CORPORATION

APPLICATION NUMBER: 73023981
REGISTRATION NUMBER: 1031651

FILING DATE: 06/12/1974
ISSUE DATE: 01/27/1976

MARK: HAVANA CLUB
DRAWING TYPE: WORDS, LETTERS, OR NUMBERS AND DESIGN

JACQUELINE MOORE, PARALEGAL
ASSIGNMENT DIVISION
OFFICE OF PUBLIC RECORDS

Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/3
Tab settings ⇨ ⇨ ⇨

U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

☐ Individual(s) ☐ Association
☐ General Partnership ☐ Limited Partnership
☐ Corporation-State
☒ Other U.S. District Court for SDNY

Additional name(s) of conveying party(ies) attached? ☐ Yes ☐ No

2. Name and address of receiving party(ies)

Name: EMPRESA CUBANA EXPORTADA
Internal Address: DE ALIMENTOS Y PRODUCTOS VARIOS T/A CUBAEXPORT
Street Address: 55 23RD ST
City: Vedado HAVANA State: CUBA Zip:

☐ Individual(s) citizenship
☐ Association
☐ General Partnership
☐ Limited Partnership
☐ Corporation-State CUBA
☐ Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: ☐ Yes ☒ No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? ☐ Yes ☐ No

3. Nature of conveyance:

☐ Assignment ☐ Merger
☐ Security Agreement ☐ Change of Name
☐ Other COURT order

Execution Date: 10/20/97

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)
1,031,651

Additional number(s) attached ☐ Yes ☒ No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: EMPRESA CUBANA EXPORTADA T/A CUBAEXPORT
Internal Address:

Street Address: 55 23 RD St.

City: Vedado HAVANA State: CUBA Zip:

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41).....$

☐ Enclosed
☐ Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Lynne Beresford
Name of Person Signing

Lynne Beresford
Signature

01/17/02
Date

Total number of pages including cover sheet, attachments, and document:

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

(1)

UNITED STATES PATENT AND TRADEMARK OFFICE

HAVANA CLUB HOLDING, S.A. HAVANA CLUB, INTERNATIONAL, S.A. Plaintiffs-Counter-Defendants-Appellants, vs. GALLEON, S.A., BACARDI-MARTINI, USA, INC. Defendants-Appellees.	)	NOTICE

On October 20, 1997, the United States District Court for the Southern District of New York entered a Partial Judgment which concerns U.S. trademark registration No. 1,031,651, for the trademark "HAVANA CLUB & DESIGN" for use on rum. The Partial Judgment and accompanying opinion were certified to the Director of the United States Patent and Trademark Office pursuant to 15 U.S.C. § 1119. However, the district court ordered that the operation and enforcement of the Partial Judgment be stayed pending appeal from the final judgment in the case. On October 26, 2001, pursuant to a request from one of the parties, the United States Patent and Trademark Office (USPTO) issued an Order to Show Cause why the Director of the United States Patent and Trademark Office should not now rectify the records of the USPTO pursuant to 15 U.S.C. § 1119 to reflect the district court's order invalidating the following recorded assignments of the entire interest and goodwill in U.S. Registration No. 1,031,651 (Serial No. 73/023981):

(1) Reel: 1104 Frame: 0046

Assignor: Empresa Cubana Exportadora De Alimentos y Productos Varios, S.A. DBA Cubaexport

Assignee: Havana Rum and Liquors, S.A.

(2) Reel: 1129 Frame: 0428

Assignor: Havana Rum and Liquors, S.A.

Assignee: Havana Club Holdings, S.A. DBA HCH, S.A.

Having considered the initial submissions and replies from each party and the arguments therein, the Director of the United States Patent and Trademark Office hereby gives notice that pursuant to 15 U.S.C. § 1119, the records of the USPTO will be rectified to reflect the district court's order invalidating the recorded assignments set forth above. Accordingly, the USPTO's registration records will also be rectified to conform with the assignment records.

This Notice shall be served upon:

(1) Plaintiffs, by service upon counsel Charles S. Sims, Esq., Proskauer Rose, LLP, 1585 Broadway, New York, N.Y. 10036, and by service upon Michael Krinsky, Esq., Rabinowitz, Boudin, Standard, Krinsky & Lieberman, P.C., 740 Broadway, New York, N.Y. 10003; and

(2) Defendants, by service upon counsel William R. Golden, Jr., Esq. Kelley, Drye & Warren, LLP, 101 Park Avenue, New York, N.Y. 10178.

Dated: 1/15/02

ANNE H. CHASSER
Commissioner for Trademarks

(2)

UNITED STATES PATENT AND TRADEMARK OFFICE

HAVANA CLUB HOLDING, S.A. HAVANA CLUB, INTERNATIONAL, S.A. Plaintiffs-Counter-Defendants-Appellants, vs. GALLEON, S.A., BACARDI-MARTINI, USA, INC. Defendants-Appellees.	)	ORDER TO SHOW CAUSE

On October 20, 1997, the United States District Court for the Southern District of New York entered a Partial Judgment (Attachment 1) which concerns U.S. trademark registration No. 1,031,651 for the trademark "HAVANA CLUB & DESIGN" for use on rum (Attachment 2). Office records indicate that the registration was issued to Empresa Cubana Exportadora De Alimentos Y Productos Varios trading as Cubaexport. An assignment of the registration to Havana Rum and Liquors, S.A. (HR&L, S.A.) was recorded on January 10, 1994. On September 13, 1994, an assignment of the registration to Havana Club Holdings, S.A. DBA HCH, S.A. was recorded.

With regard to this registration, the district court states in pertinent part:

> 5. As a result, the status quo ante as of the October 29, 1993 date of said abortive original transfer agreement is restored, and Cubaexport retained whatever rights it had in said mark and the related U.S. Registration as of said date, notwithstanding the invalid transfers.
>
> 6. Neither Havana Rum & Liquors, S.A., Havana Club Holding, S.A., nor its licensee, Havana Club International, S.A. ever obtained any rights to the HAVANA CLUB mark in the United States by transfer.

7. Plaintiffs Havana Club, S.A. and Havana Club International, S.A. have no rights to the registered trademark HAVANA CLUB for 'rum' in the United States.

8. Any rights that Havana Club Holding, S.A. may have had, may have or claims to have had in the Registration of the HAVANA CLUB trademark (U.S. Reg. No. 1,031,651) from forever until today are hereby canceled.

Havana Club Holding, S.A. v. Galleon S.A., No. 96 Civ. 9655, slip op. at 2 (S.D.N.Y. filed Oct. 20, 1997) (Partial Judgment) (Attachment 1, ¶¶ 5-8).

The district court certified the order and an accompanying order and opinion dated August 8, 1997, to the Director of the United States Patent and Trademark Office pursuant to 15 U.S.C. § 1119. However, the district court ordered that the operation and enforcement of the partial judgment be stayed pending appeal from the final judgment in the case. *Id.* at 3, ¶ 12. The district court subsequently entered a final judgment for the defendants, which was affirmed by the Court of Appeals for the Second Circuit. (Attachment 3); *see also*, Havana Club Holding, S.A. v. Galleon S.A., 203 F.3d 116, 135 (2d Cir.2000).

On August 17, 2001, William Golden, Jr., counsel for Galleon, S.A. and Bacardi-Martini USA Inc., sent correspondence concerning this case to the Office of the Commissioner for Trademarks at the United States Patent and Trademark Office (USPTO). Mr. Golden's letter suggests that the stay pending the appeal from the Final Order is now lifted (Attachment 4).

Accordingly, the parties are hereby given 14 days from the date of this Order to show cause why the Director of the United States Patent and Trademark Office should not now rectify the records of the USPTO pursuant to 15 U.S.C. § 1119 to reflect the district court's order invalidating the following recorded assignments of the entire interest and goodwill in U.S. Reg. No. 1,031,651

(Serial No. 73/023981):

(1) Reel: 1104 Frame: 0046

Assignor: Empresa Cubana Exportadora De Alimentos y Productos Varios, S.A. DBA Cubaexport

Assignee: Havana Rum and Liquors, S.A.

(2) Reel: 1129 Frame: 0428

Assignor: Havana Rum and Liquors, S.A.

Assignee: Havana Club Holdings, S.A. DBA HCH, S.A.

This Order shall be served upon:

(1) Plaintiffs, by service upon counsel Charles S. Sims, Esq., Proskauer Rose, LLP, 1585 Broadway, New York, N.Y. 10036, and by service upon Michael Krinsky, Esq., Rabinowitz, Boudin, Standard, Krinsky & Lieberman, P.C., 740 Broadway, New York, N.Y. 10003; and

(2) Defendants, by service upon counsel William R. Golden, Jr., Esq., Kelley Drye & Warren, LLP, 101 Park Avenue, New York, N.Y. 10178.

Dated: OCT 26 2001

Nicholas P. Godici

NICHOLAS P. GODICI
Acting Under Secretary of Commerce for Intellectual Property and Acting Director of the United States Patent and Trademark Office

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

HAVANA CLUB HOLDING, S.A. and
HAVANA CLUB INTERNATIONAL, S.A.,

Plaintiffs,

- against -

GALLEON S.A., BACARDI-MARTINI USA, INC., GALLO WINE DISTRIBUTORS, INC., G.W.D. HOLDINGS, INC. and PREMIER WINE AND SPIRITS,

Defendants.

96 Civ. 9655 (SAS)

PARTIAL JUDGMENT

WHEREAS, the Plaintiffs initiated this action alleging, inter alia, infringement of the registered mark HAVANA CLUB for rum; and

WHEREAS, this Court issued its opinion dated August 8, 1997, in connection with certain motions therein;

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED:

1. The Cuban Asset Control Regulations ("CACR") implemented in 1963 under Section 5(b) of the Trading With The Enemy Act of 1917, as amended, 50 U.S.C. App. 1-44, prohibit transfers of property, including trademarks, in which a Cuban entity has an interest except when authorized by the Office of Foreign Assets Control ("OFAC") acting on behalf of the Secretary of the Treasury.

Attachment 1

2. In 1976, the trademark HAVANA CLUB for "rum" was registered in the United States Patent and Trademark Office ("related U.S. Registration") by Empresa Exportadora de Alimentos y Productos Varios ("Cubaexport"), a Cuban state enterprise.

3. On October 29, 1993, Cubaexport entered into an agreement transferring the U.S. rights to the HAVANA CLUB trademark and the related U.S. Registration to Havana Rum & Liquors, S.A. On or about November 22, 1993, Havana Rum & Liquors, S.A. entered into an agreement transferring the aforesaid mark and the related U.S. Registration to Havana Club Holding, S.A.

4. Those provisions of the original transfer agreement relating to transfers of the U.S. rights to the HAVANA CLUB mark and the related U.S. Registration were rendered null and void by the CACR, § 515.201(b)(1), and the attempted assignment of said HAVANA CLUB mark and the related U.S. Registration were invalid and of no force and effect and void ab initio.

5. As a result, the status quo ante as of the October 29, 1993 date of said abortive original transfer agreement is restored, and Cubaexport retained whatever rights it had in said mark and the related U.S. Registration as of said date, notwithstanding the invalid transfers.

6. Neither Havana Rum & Liquors, S.A., Havana Club Holding, S.A. nor its licensee, Havana Club International, S.A. ever obtained any rights to the HAVANA CLUB mark in the United States by transfer.

7. Plaintiffs Havana Club Holding, S.A. and Havana Club International, S.A. have no rights to the registered trademark HAVANA CLUB for "rum" in the United States.

8. Any rights that Havana Club Holding, S.A. may have had, may have or claims to have had in the Registration of the HAVANA CLUB trademark (U.S. Reg. No. 1,031,651) from

forever until today are hereby canceled.

9. Count I for infringement of a federally registered trademark under Section 32 of the Lanham Act is dismissed with prejudice.

10. Nothing herein shall prevent Cubaexport, if it so chooses, from asserting or seeking to enforce rights in the trademark HAVANA CLUB rum in the United States and nothing herein shall prevent the defendants or others from contesting those rights or contending that said rights were lost as a result of acts or omissions by Cubaexport.

11. The Court certifies the instant Order and its Opinion and Order dated August 8, 1997 to the Commissioner of Patents and Trademarks pursuant to Section 37 of the Lanham Act, 15 U.S.C. § 1119.

12. The operation and enforcement of this Judgment, including modification of or entry upon the records of the United States Patent and Trademark Office pursuant to Section 37 of the Lanham Act, 15 U.S.C. § 1119, are stayed pending appeal from the final judgment in this action.

Dated at New York, New York, this 20 day of October, 1997

U.S.D.J.

CERTIFIED
JAMES M. PARKISON

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

02-1289

HAVANA CLUB HOLDING, S.A.
and HAVANA CLUB INTERNATIONAL, S.A.,

Plaintiff-Appellees,

v.

GALLEON, S.A. (now known as Bacardi & Company Ltd.)
and BACARDI-MARTINI U.S.A., INC. (now known as Bacardi U.S.A., Inc.),

Defendants-Appellants

and

GALLO WINE DISTRIBUTORS, INC., G.W.D. HOLDINGS, INC.
and PREMIER WINE AND SPIRITS,

Defendants.

Appeal from the Decision of the Commissioner of Trademarks,
United States Patent and Trademark Office.

Director of the United States Patent and Trademark Office's Motion to Dismiss for Lack of Jurisdiction

Introduction

Pursuant to Federal Rule of Appellate Procedure 27 and Federal Circuit Rule 27, James E. Rogan, Director of the United States Patent and Trademark

Office ("USPTO"), requests that the Court dismiss this appeal with prejudice based on lack of jurisdiction. Given the nature of this motion, in that its disposition might obviate the need for briefing on the merits, the Director also requests that this Court suspend the briefing schedule pending a decision on this motion.

This appeal is not typical of the trademark-related appeals from the USPTO handled by this Court. This appeal does not concern either a decision of the Trademark Trial and Appeal Board ("TTAB") or a petition decision by the Director. Rather, appellants, Galleon, S.A. and Bacardi-Martini, U.S.A., Inc. (collectively, "Bacardi"), improperly appeal to the Court from a USPTO notice that informed the parties to a specific district court litigation that USPTO records were rectified as ordered by the district court judge in that case. The USPTO acted in accordance with 15 U.S.C. § 1119, which assigns the USPTO a ministerial duty of altering its records to comport with any judgment of a district court relating to a trademark registration. Bacardi has now attempted to appeal this notice, and has styled its appeal to name the USPTO and the USPTO Commissioner for Trademarks as the appellees.

As will be explained in more detail below, the Director requests dismissal for lack of jurisdiction to consider this appeal because: (i) the notice does not constitute an appealable agency action; and (ii) even assuming, *arguendo*, the

notice were a reviewable petition decision, it would not fall into either of the categories of trademark-related petition decisions reviewed by this Court under 15 U.S.C. § 1071(a). Pursuant to Federal Circuit Rule 27, counsel for the USPTO discussed the motion with Bacardi's counsel on May 7, 2002 and May 8, 2002. Bacardi's counsel has indicated that it will file an opposition to the motion.

BACKGROUND

A. Bacardi's District Court Litigation

The USPTO was not a party to the district court litigation underlying this appeal. After being sued in district court in New York by Havana Club Holding, S.A. and Havana Club, International, S.A. (collectively, "Havana Club"), Bacardi counterclaimed alleging, *inter alia*, the invalidity of certain assignments of the trademark "HAVANA CLUB" to Havana Club. The district court entered a Partial Judgment (Attachment 1) invalidating these assignments of U.S. trademark registration No. 1,031,651 for the trademark "HAVANA CLUB & DESIGN". USPTO records indicate that prior to the assignments, the registration was originally issued to Empresa Cubana Exportadora De Alimentos Y Productos Varios trading as Cubaexport ("Cubaexport").

The district court specifically ruled, *inter alia*, that: (1) the assignments of the "HAVANA CLUB" registration were invalid and of no force and effect and

void ab initio; (2) the status quo ante as of the time prior to the invalid assignments was restored, and "Cubaexport retained whatever rights it had in said mark and the related U.S. Registration as of said date, notwithstanding the invalid transfers"; (3) Havana Club had no rights to the trademark registration; (4) its order would not prevent Cubaexport "from asserting or seeking to enforce rights in the trademark HAVANA CLUB RUM in the United States", and would not prevent Bacardi or others from "contesting those rights or contending that said rights were lost as a result of acts or omissions by Cubaexport". Havana Club Holding, S.A. v. Galleon S.A., No. 96 Civ. 9655, slip op. at 2 -3 (S.D.N.Y. filed Oct. 20, 1997) (Partial Judgment) (Attachment 1, ¶¶ 4-8, 10).

In its related opinion dated August 12, 1997, the district court expressly denied Bacardi's request for cancellation of the mark and denied Bacardi's motion for summary judgment on this counterclaim. Havana Club Holding, S.A. v. Galleon, S.A., 974 F.Supp. 302 (S.D.N.Y. 1997). The court ruled that although Havana Club could not assert rights to the mark, cancellation of the registration would lead to an inequitable adjudication of the matter and neglect the substantial rights of Cubaexport, who was not a party before the court. Id. at 311.

B. Certification of the Partial Judgment to the USPTO.

The district court certified the Partial Judgment and its accompanying August 1997 order and opinion to the Director pursuant to 15 U.S.C. § 1119. That statute provides:

> In any action involving a registered mark the court may determine the right to registration, order the cancellation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action. Decrees and orders shall be certified by the court to the Director, *who shall make appropriate entry upon the records of the Patent and Trademark Office*, and shall be controlled thereby.

35 U.S.C. § 1119.

However, the district court ordered that the operation and enforcement of the partial judgment be stayed pending appeal from the final judgment in the case. Havana Club Holding, slip op. at 3 (Attachment 1, ¶12). The district court's entry of final judgment for the defendants was affirmed by the Court of Appeals for the Second Circuit. See Havana Club Holding, S.A. v. Galleon S.A., 203 F.3d 116, 135 (2nd Cir.), cert. denied, 531 U.S. 918 (2000).

C. USPTO's Compliance with the District Court Order.

The USPTO received a letter from Bacardi's counsel suggesting that the stay pending the appeal from the district court's order was lifted. In order to confirm

the lifting of the stay, on October 26, 2001, the USPTO issued an order to show cause why the USPTO's records should not then be rectified to reflect the district court's order invalidating the recorded assignments. Following submissions from the parties, which confirmed that all appeals had been exhausted, the USPTO Commissioner for Trademarks issued a notice on January 15, 2002 (hereinafter "Notice") stating that the USPTO records ". . . will be rectified to reflect the district court's order invalidating the recorded assignments . . . ." Bacardi now improperly appeals the Notice to this Court.

ARGUMENT

This Court lacks jurisdiction to review the Notice, and therefore should dismiss the appeal. The burden of establishing jurisdiction in a court lies with the party seeking to invoke the court's jurisdiction. KVOS, Inc. v. Assoc. Press, 299 U.S. 269, 278 (1936); Reynolds v. Army & Air Force Exch. Serv., 846 F.2d 746, 748 (Fed. Cir. 1988). Bacardi cannot meet this burden.

A. The Notice Is Not an Appealable Agency Action.

As a threshold matter, the Notice is not an appealable agency action, as it merely notified the litigants from the district court action that, pursuant to 15 U.S.C. § 1119, the USPTO would rectify its records in compliance with the district

court's Partial Judgment order. It does not constitute a "decision" by the Director or TTAB that would be appealable in any court.

By statute, in response to a certified district court order, the USPTO is bound to "make appropriate entry" upon its records and "shall be controlled" by the district court order. See 15 U.S.C. § 1119. Thus, the USPTO did not make any substantive "decision" as to the trademark rights affected by the district court Partial Judgement, but instead only complied with the express direction of the district court's order and opinion. Any issue as to the implementation of the district court's Partial Judgment order should be raised with and decided by that district court.

B. Even If the Notice Were a Reviewable Decision by the USPTO, There Is No Statutory Basis for Review in this Court.

The statutory provisions in 28 U.S.C. § 1295(a)(4)(B) and 15 U.S.C. § 1071(a) set forth this Court's jurisdiction to review trademark-related decisions by the USPTO. Under § 1071(a):

> An applicant for registration of a mark, party to an interference proceeding, party to an opposition proceeding, party to an application to register as a lawful concurrent user, party to a cancellation proceeding, a registrant who has filed an affidavit as provided in section 8, or an applicant for renewal, who is dissatisfied with the decision of the Director or Trademark Trial and Appeal Board, may appeal to the United States Court of Appeals for the Federal Circuit . . . .

This Court reviews decisions by the TTAB, such as those on *ex parte* applications for registration, oppositions, cancellations or interferences. The Notice is clearly not such a TTAB decision, and thus Bacardi cannot establish jurisdiction based on that part of the statute. This Court also has jurisdiction over two types of petition decisions by the Director – those regarding affidavits and those regarding renewal applications. The Notice is not a petition decision, and furthermore does not concern an affidavit or renewal application.

With respect to the Notice, Bacardi is not an applicant for registration, a party to any of the proceedings set forth above,[1] a registrant filing a § 8 affidavit, or an applicant for renewal of a registration. Thus, Bacardi's appeal does not fall within any of the jurisdictional categories provided in § 1071(a).

This Court's precedent confirms that its jurisdiction to review trademark-related decisions by the Director is limited to affidavits and renewal applications. See In re Bose Corp., 772 F.2d 866, 869, 227 USPQ 1 (Fed. Cir. 1985); In re Marriott-Hot Shoppes, Inc., 411 F.2d 1025, 162 USPQ 106 (CCPA 1969). See also In re Makari, 708 F.2d 709, 711, 218 USPQ 193, 194 (Fed. Cir. 1983) ("Our

[1]Although Bacardi has filed a cancellation proceeding with the TTAB to cancel the "HAVANA CLUB" registration, that proceeding was suspended pending the outcome of the district court litigation, and then suspended again in light of this appeal. The Notice in question here did not arise out of the cancellation proceeding. If and when Bacardi receives an adverse decision from the TTAB, Bacardi would have the right to appeal *that* decision to this Court.

jurisdiction in relation to the Patent and Trademark Office is limited to review of decisions of the boards established in that Office. We do not have jurisdiction to review decisions of the Commissioner on petitions."). Other petition decisions by the Director are subject to review by district courts under the Administrative Procedure Act. *See* 5 U.S.C. §§ 551 *et seq.* Therefore, because this Notice does not involve an affidavit or renewal application, § 8 affidavit, or an applicant for renewal, this Court's precedent requires the dismissal of Bacardi's appeal.

C. If Bacardi Alleges Failure by the USPTO to Comply with the District Court's Order, Bacardi Should Seek Redress from the District Court.

To the extent Bacardi's appeal in this Court arises out of a contention that the USPTO's records have not been rectified in the manner directed by the district court order, Bacardi should seek clarification from the district court. As set forth above, the USPTO records now comport with the Partial Judgment order, and reflect the invalidity of the recorded assignments. However, if Bacardi maintains that some other action should be taken, Bacardi should return to the district court so that the court may interpret its own Partial Judgment order. If the district court directs the USPTO to make other alterations in its records, in accordance with 15 U.S.C. § 1119, the USPTO will comply. Thus, the district court is the appropriate forum for Bacardi to raise its arguments about compliance with the Partial Judgment order.

D. The Briefing Schedule Should Be Suspended Pending the Disposition of this Motion.

In view of the jurisdictional challenge in this motion, the Director further requests that the briefing schedule in this case be suspended pending this Court's ruling on this motion. Such a suspension is appropriate to conserve the parties' and the Court's resources, in the event the Court determines that it lacks jurisdiction over this case.

CONCLUSION

Because this Court lacks jurisdiction under 28 U.S.C. § 1295(a)(4)(B) and 15 U.S.C. § 1071 to review the Notice that USPTO records would be rectified in accordance with the Partial Judgment order, the Director moves for dismissal of the appeal with prejudice. This motion is accompanied by a proposed order.

Respectfully submitted,

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UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

02-1289

HAVANA CLUB HOLDING, S.A.
and HAVANA CLUB INTERNATIONAL, S.A.,

Plaintiff-Appellees,

v.

GALLEON, S.A. (now known as Bacardi & Company Ltd.)
and BACARDI-MARTINI U.S.A., INC. (now known as Bacardi U.S.A., Inc.),

Defendants-Appellants

and

GALLO WINE DISTRIBUTORS, INC., G.W.D. HOLDINGS, INC.
and PREMIER WINE AND SPIRITS,

Defendants.

Appeal from the Decision of the Commissioner of Trademarks,
United States Patent and Trademark Office.

ORDER

Upon consideration of the Director's Motion To Dismiss, it is

ORDERED that the Director's motion is granted and that the appeal is dismissed with prejudice.

FOR THE COURT

Date:_____

JAN HORBALY
Clerk
United States Court of Appeals
for the Federal Circuit

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

OCT 20 1997

HAVANA CLUB HOLDING, S.A. and
HAVANA CLUB INTERNATIONAL, S.A.,

Plaintiffs,

- against -

GALLEON S.A., BACARDI-MARTINI USA, INC., GALLO WINE DISTRIBUTORS, INC., G.W.D. HOLDINGS, INC. and PREMIER WINE AND SPIRITS,

Defendants.

96 Civ. 9655 (SAS)

PARTIAL JUDGMENT

WHEREAS, the Plaintiffs initiated this action alleging, inter alia, infringement of the registered mark HAVANA CLUB for rum; and

WHEREAS, this Court issued its opinion dated August 8, 1997, in connection with certain motions therein;

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED:

1. The Cuban Asset Control Regulations ("CACR") implemented in 1963 under Section 5(b) of the Trading With The Enemy Act of 1917, as amended, 50 U.S.C. App. 1-44, prohibit transfers of property, including trademarks, in which a Cuban entity has an interest except when authorized by the Office of Foreign Assets Control ("OFAC") acting on behalf of the Secretary of the Treasury.

Attachment 1

2. In 1976, the trademark HAVANA CLUB for "rum" was registered in the United States Patent and Trademark Office ("related U.S. Registration") by Empresa Exportadora de Alimentos y Productos Varios ("Cubaexport"), a Cuban state enterprise.

3. On October 29, 1993, Cubaexport entered into an agreement transferring the U.S. rights to the HAVANA CLUB trademark and the related U.S. Registration to Havana Rum & Liquors, S.A. On or about November 22, 1993, Havana Rum & Liquors, S.A. entered into an agreement transferring the aforesaid mark and the related U.S. Registration to Havana Club Holding, S.A.

4. Those provisions of the original transfer agreement relating to transfers of the U.S. rights to the HAVANA CLUB mark and the related U.S. Registration were rendered null and void by the CACR, § 515.201(b)(1), and the attempted assignment of said HAVANA CLUB mark and the related U.S. Registration were invalid and of no force and effect and void ab initio.

5. As a result, the status quo ante as of the October 29, 1993 date of said abortive original transfer agreement is restored, and Cubaexport retained whatever rights it had in said mark and the related U.S. Registration as of said date, notwithstanding the invalid transfers.

6. Neither Havana Rum & Liquors, S.A., Havana Club Holding, S.A. nor its licensee, Havana Club International, S.A. ever obtained any rights to the HAVANA CLUB mark in the United States by transfer.

7. Plaintiffs Havana Club Holding, S.A. and Havana Club International, S.A. have no rights to the registered trademark HAVANA CLUB for "rum" in the United States.

8. Any rights that Havana Club Holding, S.A. may have had, may have or claims to have had in the Registration of the HAVANA CLUB trademark (U.S. Reg. No. 1,031,651) from

forever until today are hereby canceled.

9. Count I for infringement of a federally registered trademark under Section 32 of the Lanham Act is dismissed with prejudice.

10. Nothing herein shall prevent Cubaexport, if it so chooses, from asserting or seeking to enforce rights in the trademark HAVANA CLUB rum in the United States and nothing herein shall prevent the defendants or others from contesting those rights or contending that said rights were lost as a result of acts or omissions by Cubaexport.

11. The Court certifies the instant Order and its Opinion and Order dated August 8, 1997 to the Commissioner of Patents and Trademarks pursuant to Section 37 of the Lanham Act, 15 U.S.C. § 1119.

12. The operation and enforcement of this Judgment, including modification of or entry upon the records of the United States Patent and Trademark Office pursuant to Section 37 of the Lanham Act, 15 U.S.C. § 1119, are stayed pending appeal from the final judgment in this action.

Dated at New York, New York, this 20 day of October, 1997.

U.S.D.J.

CERTIFIED
JAMES M. PARKISON

CERTIFICATE OF SERVICE

I hereby certify that on May 13, 2002, I caused a copy of the foregoing MOTION TO DISMISS to be transmitted via FEDERAL EXPRESS addressed as follows:

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